

Message Text

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PAGE 01 BRASIL 03502 031425Z
ACTION STR-07

INFO OCT-01 ARA-10 IO-13 ISO-00 STRE-00 SSO-00 INRE-00
NSCE-00 ICAE-00 AGRE-00 CEA-01 CIAE-00 COME-00
DODE-00 EB-08 FRB-03 H-01 INR-10 INT-05 L-03
LAB-04 NSAE-00 PA-01 CTME-00 AID-05 SS-15 ITC-01
TRSE-00 SP-02 SOE-02 OMB-01 DOE-15 DOEE-00 /108 W
-----007811 031433Z /47

O 031345Z MAY 78
FM AMEMBASSY BRASILIA
TO SECSTATE WASHDC IMMEDIATE 7342
INFO USMISSION GENEVA
AMCONSUL RIO DE JANEIRO
AMCONSUL SAO PAULO

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EO 11652: N/A
TAGS: ETRD, MTN, BR
SUBJ: BRAZIL-US SUB-GROUP ON TRADE MEETING: AGENDA

REF: A. STATE 111106 B. BRASILIA 3395 C. BRASILIA 2730

1. US PROPOSAL FOR AGENDA FOR BRAZIL US SUB-GROUP ON TRADE
MEETING DELIVERED VERBATIM TO GOB ON MAY 2. ECONOFF WAS CALLED
TO FONMIN SAME DAY TO RECEIVE BRAZILIAN COUNTER-PROPOSAL.

FOLLOWING IS GOB'S DRAFT AGENDA
I) DISCUSSION AND APPROVAL OF THE AGENDA
II) OPENING REMARKS
III) MULTILATERAL TRADE NEGOTIATION
A) ACCESS TO MARKETS
1) TARIFFS
2) NON-TARIFF BARRIERS
3) MULTILATERAL SOLUTIONS
B) NORMATIVE NEGOTIATIONS

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1) GATT REFORM
2) CODES
IV) GATT ARTICLE XXVIII NEGOTIATIONS
V) BILATERAL ISSUES
A) BRAZILIAN EFFORTS TO IMPROVE ITS BALANCE OF PAYMENTS
SITUATION (EXPORT EXPANSION AND DIVERSIFICATION AND IMPORT
RESTRICTIONS)

B) UNITED STATES TRADE ACT (REVIEW OF GSP)
C) OTHER SPECIFIC ISSUES THAT MAY AFFECT THE EXPANSION OF
BILATERAL TRADE.

2. TRADE POLICY CHIEF BOTAFOGO (WITH FIRST SECRETARIES MEDEIROS AND GUGUENEY PRESENT) SAID THAT US DRAFT WAS TOO SPECIFIC AND THAT WHILE THE GOB WAS WILLING TO DISCUSS ALL ITEMS WHICH THE US PROPOSED, THE GOB DID NOT WISH TO HAVE SPECIFIC USG OR GOB BILATERAL ISSUES LISTED BY NAME. BOTAFOGO WAS ALSO CONCERNED THAT UNDER BOTH TARIFF AND NON-TARIFF ACCESS TO MARKETS, THE US PROPOSAL ONLY LISTED REQUESTED AND OFFERS. HE EMPHASIZED THAT THIS COULD GIVE THE WRONG IMPRESSION AND THAT ONCE AGAIN THE USG MIGHT EXPECT TO ACCOMPLISH MORE THAN WOULD BE POSSIBLE AND WE SHOULD TRY TO "AVOID THE SAME PROBLEM WE HAD IN GENEVA". BOTAFOGO ALLOWED THAT THE GOB INTENDED TO DISCUSS CONCRETE REQUESTS AND OFFERS TO THE EXTENT POSSIBLE AND TO WORK TOWARD A TIMETABLE FOR FUTURE BILATERAL DISCUSSIONS ON REQUESTS AND OFFERS.

3. DURING DISCUSSION WITH ENCONOFF OF AGENDA, ITEM III (3) "MULTILATERAL SOLUTIONS" WAS ADDED BY THE GOB. THE MAJOR ISSUE WHICH THE GOB WISHES TO DISCUSS UNDER THIS HEADING IS THE INTERNATIONAL CODE OF CONDUCT ON MEAT. HUGUENEY SAID THE GOB HAD NO INTEREST IN DISCUSSING EITHER THE DAIRY OR CEREAL CODES OF THE AGRICULTURAL GROUP AT THE SUB-LIMITED OFFICIAL USE

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GROUP MEETING.

4. GOB INITIALLY REJECTED US PROPOSAL THAT THE SIX CODES LISTED IN REFTTEL BE ENUMERATED. WHEN BOTAFOGO COULD GIVE NO STRONGER JUSTIFICATION THAN SOME OF THE CODES WERE MORE IMPORTANT THAN OTHERS (SUBSIDIES/COUNTERVAILING DUTIES AND SAFEGUARDS VERSUS LICENSING) ECONOFF INSISTED THAT THE SPECIFICITY OF SIMPLY LISTING THE CODES WAS HARDLY EXCESSIVE. BOTAFOGO THEN AGREED THAT THEY COULD BE LISTED AS IN THE US PROPOSAL.

5. TURNING TO BILATERAL ISSUES, BOTAFOGO SAID THE GOB WAS WILLING TO DISCUSS ANY AND ALL SPECIFIC ITEMS WHICH THE USG WISHED TO RAISE INCLUDING THOSE IN REFTTEL A. HE OBJECTED, HOWEVER, TO LISTING EITHER THE USG'S OR THE GOB'S SPECIFIC ITEMS. HUGUENEY THEN GAVE FOUR SPECIFIC ITEMS WHICH THE GOB REQUESTS THE USG BE PREPARED TO DISCUSS UNDER BILATERAL ISSUES:

(1) GSP - INCLUSION OF NEW PRODUCTS AND INFORMATION REQUIREMENTS FOR NEW PRODUCTS.

(2) STEEL TRIGGER PRICE SYSTEM - OPTIONAL VERSUS MANDATORY REQUIREMENTS OF SYSTEM (GOB WOULD ALSO LIKE TO HAVE GENERAL

REVIEW OF INTERNATIONAL STEEL MARKET).

(3) STOCKPILING - US SALE OF STRAGIC MATERIALS; GOB IS PARTICULARLY INTERESTED IN NON-FERROUS MATERIALS, DIAMONDS AND CASTOR OIL.

(4) BANDIERANTES - SALE OF BRAZILIAN AIRCRAFT TO US.

7. ACTION. IN REGARD TO BANDEIRANTE ITEM, DEPARTMENT IS UGED TO PROVIDE IMMEDIATE GUIDANCE (SEE REFS B AND C). EMBASSY WILL AWAIT WASHINGTON'S RESPONSE TO OVERALL AGENDA. JOHNSON

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Message Attributes

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